



MONTANA STATE AUDITOR

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COMMISSIONER OF INSURANCE
COMMISSIONER OF SECURITIES

URGENT BULLETIN

WILDFIRES

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Wildfires and Homeowner's Insurance

If you have been affected by the wildfires burning this season, here are some important insurance points that you need to know:

- Your basic homeowner's policy DOES cover damage caused by fire.
- Any smoke damage to your property, including the belongings inside, should be covered by your insurance policy.
- Damage caused by fire retardant drops is covered by homeowner's insurance.
- If you have been evacuated from your home, your insurance company will cover additional living expenses for up to two weeks, and possibly longer if there is structural damage to your home. Keep your receipts to make filing a claim easier. Some companies have deductibles for this type of claim. Check your policy or ask your insurance agent.
- Scorched yards, trees and shrubs generally are covered, but there are limits on the amount you may claim.
- Blanket moratoriums imposed by insurance companies on any new or increased levels of coverage are illegal if they are based on geography. If you have been refused coverage on such grounds, we encourage you to contact us.
- For more information, call your insurance agent or State Auditor and Insurance Commissioner John Morrison at 1-800-332-6148.

If you are the victim of a fire and your home is destroyed, your insurance company will ask you for an inventory of the contents of your home. They may ask about the condition of your furniture, the age of it or an estimate of the cost. If you kept records of these purchases and the records are destroyed in the fire, this can prove to be a challenge.

Avoiding Property Repair Fraud

Also, if you do need to have repairs completed, be aware of property repair fraud. People who are victims of a disaster are often "ripe pickings" for consumer fraud involving home repair rip-off artists who may overcharge, perform shoddy work or skip town without finishing your job.

Because many legitimate licensed home repair companies can be booked solid for months, frustrated and anxious homeowners and landlords, eager to get their property back in shape, may neglect to take the usual precautions when hiring contractors. As a result, some consumers find that they've hired part-time contractors, who may not get the job done in a reasonable time; contractors from surrounding areas, who may be difficult to track down for follow-up; inexperienced contractors, who may not do the job well; and all too often, just plain crooks, who are seizing the opportunity to make a fast buck.

The State Auditor's Office offers the following tips for consumers who may be facing major repairs after a disaster hits home:

- Deal only with licensed and insured contractors. Verify the track record of any roofer, builder or contractor you're thinking of hiring. Ask for a list of recent customers and call them.
- Get recommendations from friends, relatives, neighbors, co-workers, insurance agents or claims adjusters. Also check with the local Better Business Bureau and Home Builders Association to see if complaints have been lodged against any contractor you're considering.
- Take your time about signing a contract. Get a written estimate that includes any oral promises the contractor made. But remember to ask if there's a charge for an estimate before allowing anyone into your home. Ask for explanations for price variations, and don't automatically choose the lowest bidder. Get a copy of the final, signed contract before the job begins.
- Resist dealing with any contractor who asks you to pay for the entire job up-front. A deposit of one-third of the total price is standard procedure. Pay only by check or credit card - and pay the final amount only after the work is completed to your satisfaction. Don't pay cash.
- Be skeptical of contractors who encourage you to spend a lot of money on temporary repairs. Make sure there's enough money for permanent repairs.
- Ask a knowledgeable friend, relative or attorney to review a home repair contract before you sign. If you get a loan to pay for the work, be cautious about using your home as security: If you don't repay the loan as agreed, you could lose your home. Consider asking an attorney to review the loan documents, as well.

If you have questions about your insurance policy, an agent or a company, or you suspect that repair fraud has been committed call my office at 1-800-332-6148 or visit our Web site at www.sao.mt.gov.